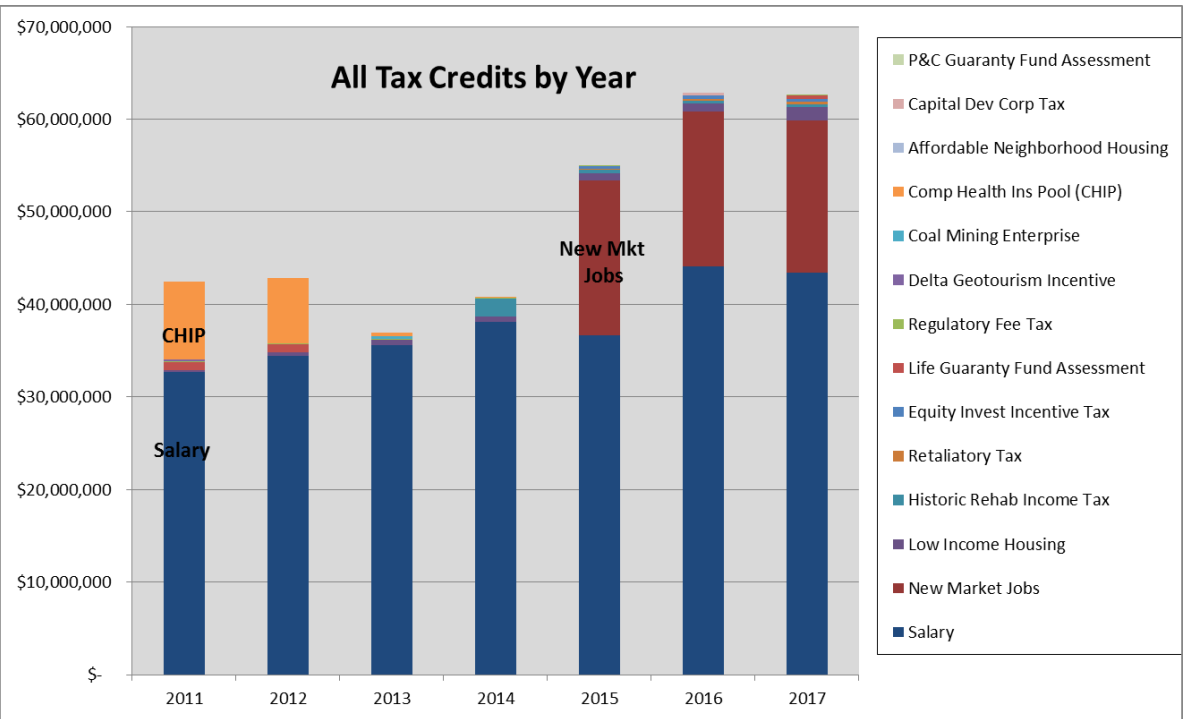


Insurance Premium Tax

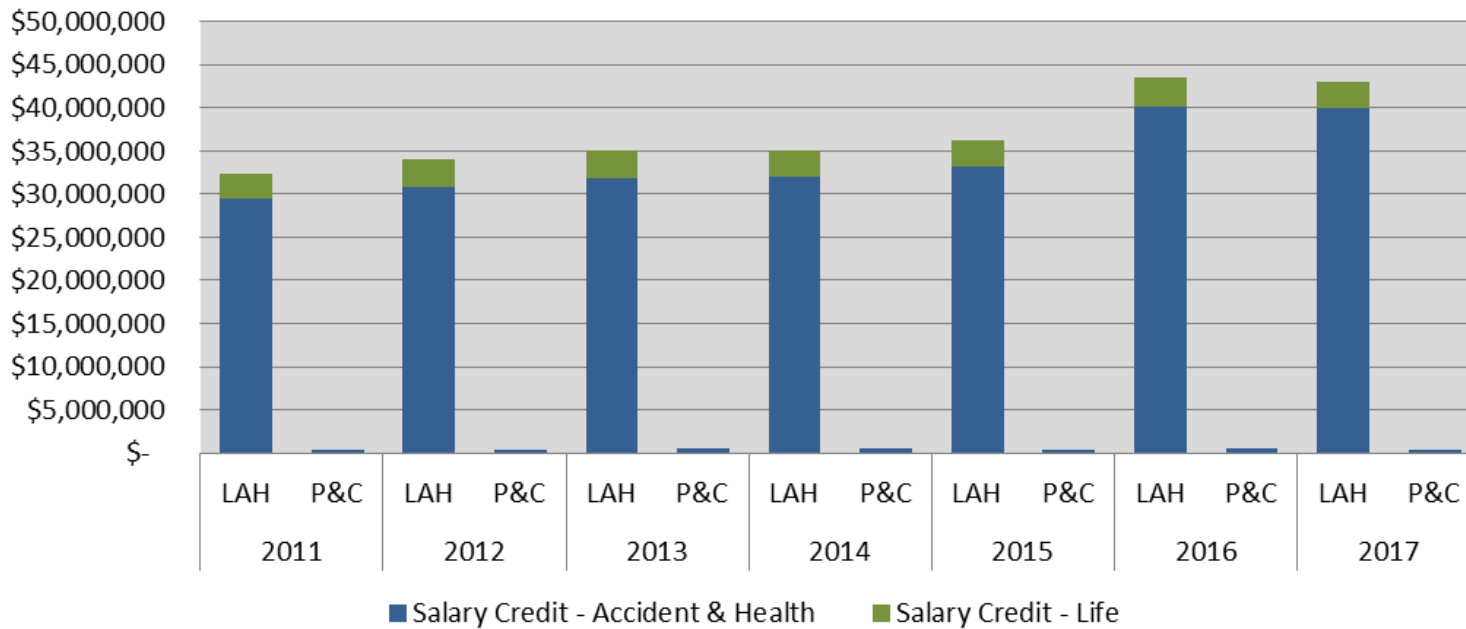
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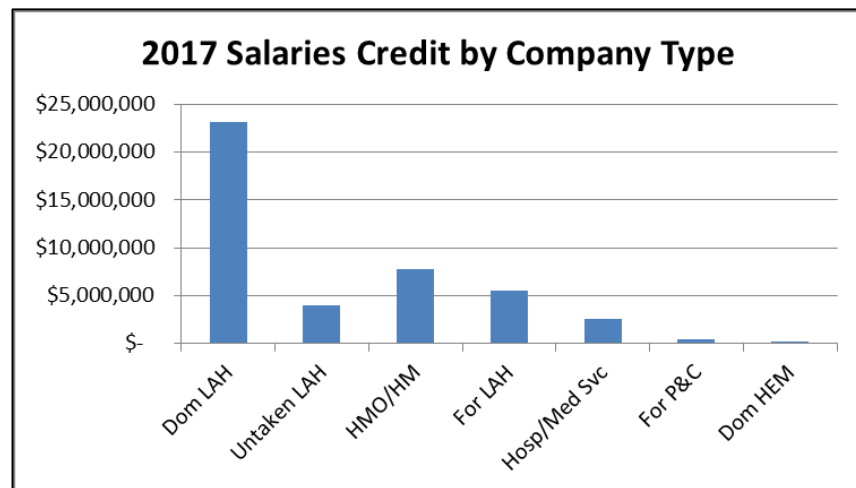
Premium Tax Credits by Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Salary	\$ 32,648,911	\$ 34,461,779	\$ 35,609,984	\$ 38,065,595	\$ 36,632,375	\$ 44,051,084	\$ 43,447,570
New Market Jobs	\$ -	\$ -	\$ -	\$ -	\$ 16,777,106	\$ 16,741,471	\$ 16,408,479
Low Income Housing	\$ 256,962	\$ 382,888	\$ 537,283	\$ 617,503	\$ 706,190	\$ 876,208	\$ 1,407,754
Historic Rehab Income Tax	\$ -	\$ -	\$ -	\$ 1,885,021	\$ 388,912	\$ 309,213	\$ 367,929
Retaliatory Tax	\$ -	\$ -	\$ -	\$ -	\$ 107,827	\$ 238,446	\$ 227,841
Equity Invest Incentive Tax	\$ -	\$ -	\$ -	\$ 70,410	\$ 303,167	\$ 303,009	\$ 308,486
Life Guaranty Fund Assessment	\$ 860,481	\$ 866,748	\$ 69,021	\$ 1,310	\$ -	\$ -	\$ 360,237
Regulatory Fee Tax	\$ 61,142	\$ 79,740	\$ 81,219	\$ 75,639	\$ 74,137	\$ 84,600	\$ 70,073
Delta Geotourism Incentive	\$ 194,698	\$ -	\$ 3,789				
Coal Mining Enterprise		\$ -	\$ 216,471				
Comp Health Ins Pool (CHIP)	\$ 8,397,565	\$ 7,035,795	\$ 440,586	\$ 1,670			
Capital Dev Corp Tax		\$ -				\$ 226,363	
Affordable Neighborhood Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
P&C Guaranty Fund Assessment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 42,419,759	\$ 42,826,950	\$ 36,958,353	\$ 40,717,148	\$ 54,989,714	\$ 62,830,394	\$ 62,598,369

Salary Tax Credits



Company Type	2017 Salary Credits
Dom LAH	\$ 23,189,686
Untaken LAH	\$ 4,016,875
HMO/HM	\$ 7,808,467
For LAH	\$ 5,475,400
Hosp/Med Svc	\$ 2,536,823
For P&C	\$ 358,349
Dom HEM	\$ 61,970
Grand Total	\$ 43,447,570



2017 Salary Credits by Company > \$100k

Company Name	Arkansas Salaries Credit -Life Premiums (70%)	Arkansas Salaries Credit Accident and Health (80%)	Sum of Total Salaries Credit
USABLE Mutual Insurance Company	\$ -	\$ 21,561,141	\$ 21,561,141
HMO Partners, Inc.		\$ 5,627,831	\$ 5,627,831
Delta Dental Plan of Arkansas, Inc.		\$ 2,547,979	\$ 2,547,979
QCA Health Plan, Inc.		\$ 1,770,086	\$ 1,770,086
USABLE Life	\$ 326,836	\$ 535,370	\$ 862,206
American Family Life Assurance Company	\$ 75,331	\$ 767,868	\$ 843,199
The Prudential Insurance Company of America	\$ 448,914	\$ 195,074	\$ 643,988
Transamerica Life Insurance Company	\$ 341,762	\$ 249,162	\$ 590,924
CIGNA Health and Life Insurance Company	\$ 2	\$ 573,207	\$ 573,209
Aetna Life Insurance Company	\$ 14,289	\$ 493,098	\$ 507,387
Qualchoice Life and Health Insurance Company	\$ 12,003	\$ 478,587	\$ 490,590
UnitedHealthcare of Arkansas, Inc.		\$ 442,378	\$ 442,378
New York Life Insurance Company	\$ 367,435	\$ -	\$ 367,435
Bankers Life & Casualty Company	\$ 65,984	\$ 132,599	\$ 198,583
State Farm Mutual Automobile Insurance Company		\$ 190,240	\$ 190,240
Protective Life Insurance Company	\$ 184,681	\$ -	\$ 184,681
Southern Farm Bureau Life Insurance Company	\$ 176,593	\$ -	\$ 176,593
Humana Insurance Company	\$ 464	\$ 156,388	\$ 156,852
The Guardian Life Insurance Company of America	\$ 154,944	\$ -	\$ 154,944
CMFG Life Insurance Company	\$ 82,872	\$ 55,996	\$ 138,868
Selected Funeral and Life Insurance Company	\$ 137,190	\$ -	\$ 137,190
Ameritas Life Insurance Corporation	\$ 24,589	\$ 105,688	\$ 130,277
American Fidelity Assurance Company	\$ 50,259	\$ 78,633	\$ 128,892
Life Insurance Company of New York	\$ 109,902	\$ -	\$ 109,902
Pacific Life Insurance Company	\$ 103,231	\$ -	\$ 103,231

2017 Salary Credits by Company < \$100k

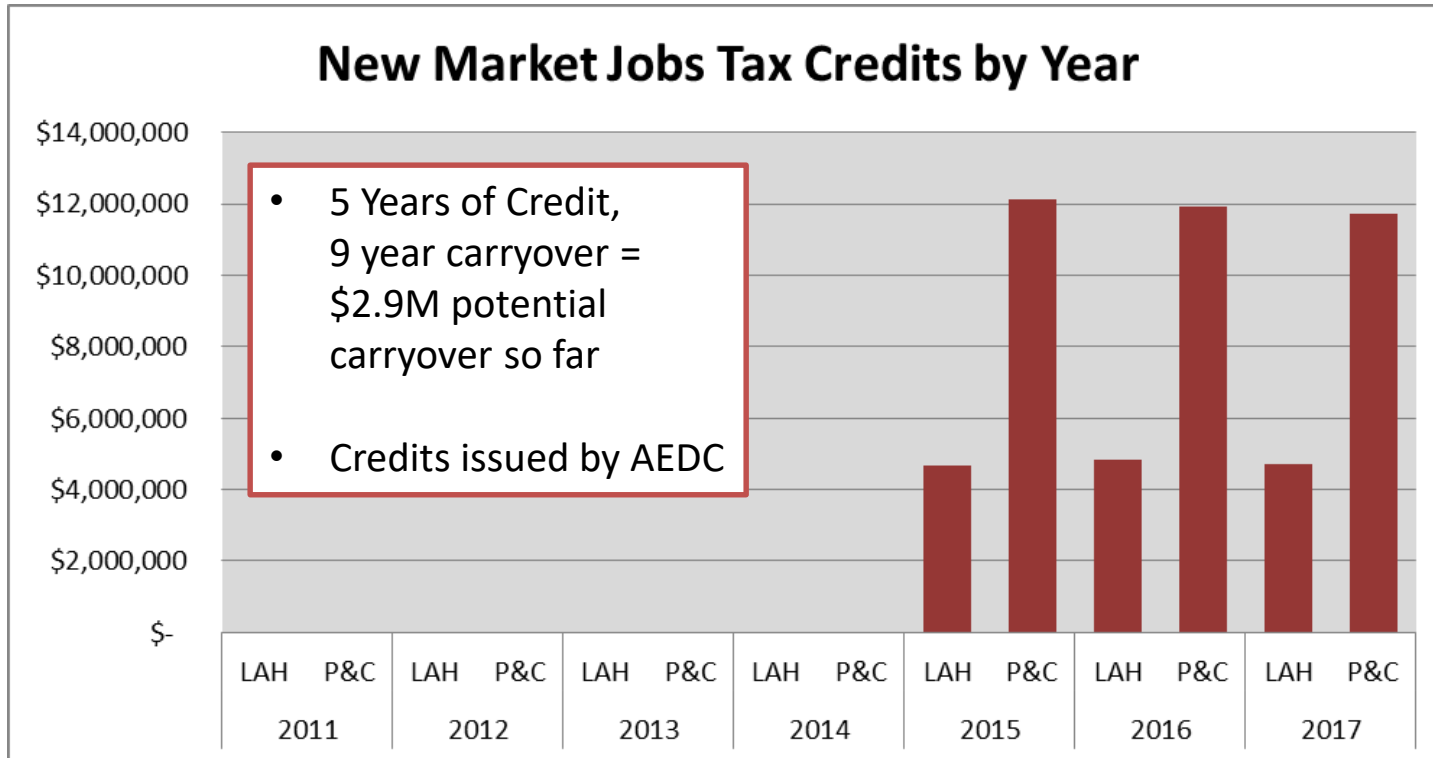
Company Name	Arkansas Salaries Credit -Life Premiums (70%)	Arkansas Salaries Credit Accident and Health (80%)	Sum of Total Salaries Credit
Federated Mutual Insurance Company		\$ 98,902	\$ 98,902
Nationwide Life Insurance Company	\$ 66,057	\$ 21,390	\$ 87,447
Continental American Insurance Company	\$ 2,403	\$ 82,590	\$ 84,993
Reserve National Insurance Company	\$ 4,718	\$ 63,521	\$ 68,239
Citizens Fidelity Insurance Company	\$ 63,015	\$ 22	\$ 63,037
Continental Casualty Company		\$ 61,472	\$ 61,472
FORETHOUGHT LIFE INSURANCE COMPANY	\$ 44,860	\$ 1,267	\$ 46,127
Minnesota Life Insurance Company	\$ 45,459	\$ -	\$ 45,459
Teachers Insurance & Annuity Assoc. of America	\$ 31,662	\$ 1,458	\$ 33,120
Security Plan Life Insurance Company	\$ 29,569	\$ 369	\$ 29,938
Foundation Life Insurance Company of AR	\$ 21,031	\$ 4,506	\$ 25,537
American Home Life Insurance Company	\$ 25,307	\$ -	\$ 25,307
Starmount Life Insurance Company	\$ 5,196	\$ 18,502	\$ 23,698
Leaders Life Insurance Company	\$ 19,174	\$ 207	\$ 19,381
American Life and Annuity Company	\$ 18,011	\$ -	\$ 18,011
United Insurance Company of America	\$ 13,618	\$ 2,488	\$ 16,106
Arkansas Bankers Life Insurance Company	\$ 11,533	\$ 2,135	\$ 13,668
ACE American Insurance Company		\$ 7,322	\$ 7,322
Mutual of Omaha Insurance Company	\$ -	\$ 6,970	\$ 6,970
Smith Burial & Life Insurance Company	\$ 6,372	\$ -	\$ 6,372
Jackson Griffin Insurance Company	\$ 4,608	\$ -	\$ 4,608
American Bankers Life Assurance Company of Florida	\$ 2,113	\$ 1,824	\$ 3,937
Co-Operative Life Insurance Company	\$ 1,005	\$ -	\$ 1,005
Transamerica Financial Life Insurance Company	\$ 788	\$ 185	\$ 973
American Security Insurance Company		\$ 400	\$ 400
Universal Fidelity Life Insurance Company	\$ 5	\$ 42	\$ 47
Nationwide Mutual Insurance Company		\$ 13	\$ 13
Grand Total	\$ 3,093,785	\$ 36,336,910	\$ 39,430,695
Plus Eligible but Untaken		\$ 4,016,875	
Total Salary Credits 2017	\$ 3,093,785	\$40,353,785	\$43,447,570

Does the Salary Credit Work?

<u>Company Name</u>	<u># of Employees Per IC-PT</u>		
	<u>2013</u>	<u>2017</u>	<u>Change</u>
USAble Mutual Insurance Company d/b/a Arkansas Blue Cros	2,494	2,914	420
UNITED INSURANCE COMPANY OF AMERICA	89	138	49
AETNA LIFE INSURANCE COMPANY	16	56	40
DELTA DENTAL PLAN OF ARKANSAS, INC.	154	174	20
Humana Insurance Company	33	45	12
CIGNA Health and Life Insurance Company	10	20	10
QualChoice Life and Health Insurance Company, Inc.	4	14	10
TRANSAMERICA LIFE INSURANCE COMPANY	383	391	8
SELECTED FUNERAL & LIFE INSURANCE COMPANY	37	43	6
UnitedHealthcare of Arkansas, Inc.	4	10	6
TEACHERS INS & ANNUITY ASSN OF AM	4	9	5
American Family Life Assurance Company of Columbus	3	6	3
AMERICAN LIFE & ANNUITY COMPANY	4	6	2
CMFG Life Insurance Company	2	4	2
PRUDENTIAL INSURANCE COMPANY OF AMERICA	2	4	2
AMERITAS LIFE INSURANCE CORPORATION	2	3	1
PACIFIC LIFE INSURANCE COMPANY	1	2	1
COOPERATIVE LIFE INSURANCE COMPANY	1	1	-
JACKSON-GRIFFIN INSURANCE COMPANY	2	2	-
MINNESOTA LIFE INSURANCE COMPANY	1	1	-
MUTUAL OF OMAHA INS CO	1	1	-
PROTECTIVE LIFE INSURANCE COMPANY	1	1	-
Security Plan Life Insurance Company	3	3	-
American Bankers Life Assurance Company of Florida	2	1	(1)
FORETHOUGHT LIFE INSURANCE COMPANY	2	1	(1)
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	2	1	(1)
LIBERTY NATIONAL LIFE INS CO	1	-	(1)
NATIONWIDE LIFE INSURANCE COMPANY	3	2	(1)
TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY	2	1	(1)
AMERICAN HOME LIFE INSURANCE CO	7	5	(2)
ARKANSAS BANKERS LIFE INS CO	5	3	(2)
CITIZENS FIDELITY INSURANCE COMPANY	10	8	(2)
SMITH BURIAL & LIFE INS CO	9	7	(2)
HMO PARTNERS, INC. d/b/a HEALTH ADVANTAGE	146	143	(3)
KANSAS CITY LIFE INSURANCE COMPANY	3	-	(3)
NEW YORK LIFE INSURANCE COMPANY	10	7	(3)
BANKERS LIFE & CASUALTY COMPANY	10	6	(4)
HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY	6	-	(6)
AMERICAN FIDELITY ASSURANCE COMPANY	10	2	(8)
STERLING LIFE INSURANCE COMPANY	15	-	(15)
FIRST GUARANTY INSURANCE COMPANY	16	-	(16)
USAble Life	308	257	(51)
Grand Total	3,818	4,292	474

New Market Jobs Credit

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Credits Available (Millions)	\$ 17.6	\$ 17.6	\$ 17.6	\$ 16.1	\$ 16.1



\$16.8M taken	\$16.7M taken	\$16.4M taken
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New Market Jobs Credit: Total of 37 Companies Exercise	
Company Name	Salary Tax Credit - 2017
Shelter Mutual Insurance Company	\$ 3,131,260
Metropolitan Life Insurance Company	\$ 1,500,000
United Services Automobile Association	\$ 1,242,349
Northwestern Mutual Life Insurance Company	\$ 1,088,036
American Family Life Assurance Co. of Columbus	\$ 890,952
USAA Casualty Insurance Company	\$ 721,843
Travelers Property Casualty Company of America	\$ 702,118
GEICO GENERAL INSURANCE COMPANY	\$ 687,942
The Travelers Indemnity Company	\$ 495,814
Auto-Owners Insurance Company	\$ 465,000
USAA General Indemnity Company	\$ 426,199
The Travelers Home and Marine Insurance Company	\$ 421,775
Travelers Casualty and Surety Company of America	\$ 402,740
GEICO INDEMNITY COMPANY	\$ 385,519
New York Life Insurance Company	\$ 310,345
Trumbull Insurance Company	\$ 302,400
Federal Insurance Company	\$ 277,052
Employers Mutual Casualty Company	\$ 276,000
GOVERNMENT EMPLOYEES INSURANCE COMPANY	\$ 274,308
New York Life Insurance and Annuity Corporation	\$ 248,275
Emcasco Insurance Company	\$ 228,000
Allmerica Financial Benefit Insurance Company	\$ 218,109
The Hanover Insurance Company	\$ 185,797
Property and Casualty Insurance Company of Hartford	\$ 179,146
Hartford Life and Accident Insurance Company	\$ 162,357
Charter Oak Fire Insurance Company	\$ 151,210
The Guardian Life Insurance Company of America	\$ 140,000
Owners Insurance Company	\$ 135,000
Garrison Property & Casualty Insurance Company	\$ 124,139
Washington National Insurance Company	\$ 118,025
Travelers Casualty Insurance Company of America	\$ 103,598

2017 New Market Jobs Credit by Company >\$100k

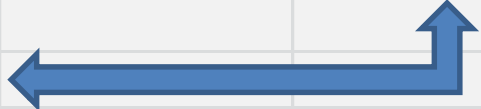
New Market Jobs Credit has an end date

What would happen if we reduce Premium Tax rate from 2.5% to 2.25%?

Assumptions:

- Remove all Salary Tax Credits except against Life Premiums
- All Other tax credits totaling \$19M remain
- Risk Retention Groups remain at 4%
- Wet Marine remain at .75%

	P&C/Other	Life/Accident/ Health	Total
Premium Tax @ 2.25%	\$ 110,014,079	\$ 119,156,756	\$ 229,170,835
Less: Salary Credit (Life Companies)	\$ -	\$ (3,093,785)	\$ (3,093,785)
Other Credits	\$ (13,165,829)	\$ (5,984,971)	\$ (19,150,800)
Estimated Collected	\$ 96,848,250	\$ 110,078,000	\$ 206,926,250
Difference from 2.5% Premium Tax	\$ (12,123,121)	\$ 27,114,145	\$ 14,991,024
Reduction to Fire Police Pension	\$ (6,495,045)		



- Shift premium tax increase from LAH to cover reduction from P&C to offset Fire Police Pension reduction?

Salary Credits for Life Companies > \$25K

Company Name	Life Premium offsets: Arkansas Salaries Credit (70%)
The Prudential Insurance Company of America	\$ 448,914
New York Life Insurance Company	\$ 367,435
Transamerica Life Insurance Company	\$ 341,762
USABLE Life	\$ 326,836
Protective Life Insurance Company	\$ 184,681
Southern Farm Bureau Life Insurance Company	\$ 176,593
The Guardian Life Insurance Company of America	\$ 154,944
Selected Funeral and Life Insurance Company	\$ 137,190
Life Insurance Company of North America	\$ 109,902
Pacific Life Insurance Company	\$ 103,231
CMFG Life Insurance Company	\$ 82,872
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Nationwide Life Insurance Company	\$ 66,057
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FORETHOUGHT LIFE INSURANCE COMPANY	\$ 44,860
Teachers Insurance & Annuity Assoc. of America	\$ 31,662
Security Plan Life Insurance Company	\$ 29,569
American Home Life Insurance Company	\$ 25,307

Salary Credits for Life Companies < \$25K

Company Name	Life Premium offsets: Arkansas Salaries Credit (70%)
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Foundation Life Insurance Company of AR	\$ 21,031
Leaders Life Insurance Company	\$ 19,174
American Life and Annuity Company	\$ 18,011
Aetna Life Insurance Company	\$ 14,289
United Insurance Company of America	\$ 13,618
Qualchoice Life and Health Insurance Company, Inc.	\$ 12,003
Arkansas Bankers Life Insurance Company	\$ 11,533
Smith Burial & Life Insurance Company	\$ 6,372
Starmount Life Insurance Company	\$ 5,196
Reserve National Insurance Company	\$ 4,718
Jackson Griffin Insurance Company	\$ 4,608
Continental American Insurance Company	\$ 2,403
American Bankers Life Assurance Company of Florida	\$ 2,113
Co-Operative Life Insurance Company	\$ 1,005
Transamerica Financial Life Insurance Company	\$ 788
Humana Insurance Company	\$ 464
Universal Fidelity Life Insurance Company	\$ 5
CIGNA Health and Life Insurance Company	\$ 2

Total Life Co Salary Credits = \$3,093,785